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23 AUG 1960

MEMORANDUM FOR: Director of Security

SUBJECT : Estimated Costs of Investigation, Clearance
and Polygraph Actions for Fiscal Year 1960

1. In order to establish the record for the subject estimated costs before they are submitted to the Deputy Director (Support) it is considered advisable to present the background, assumptions, and manner of computation to you for your prior consideration.

2. This paper is concerned with three selected major operations of the Office of Security; namely, Full Field Investigations, including overt and semi-covert and covert cases; Security Clearances of overt and semi-covert and covert cases, based on full field investigations; and Polygraph Interrogations conducted at Headquarters and vicinity, including

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3. In the absence of time studies or cost accounts, any allocation of costs to a particular operation must be an estimate which will vary greatly according to the assumptions upon which it is based. Assumptions will differ because every component of the office which is concerned with each of the three subject operations, also participates in other operations of the office not included in this exercise; full field investigations and security clearances are directly participated in by more than one component; and all three of the subject operations are contributed to indirectly by other components. It is evident therefore, because of these overlaps and lack of cost accounts, that there may be wide variances in estimates of participation or contribution of personnel and "other costs" to an operation. This of course has a direct effect on the resulting estimated cost. In the current study, the estimates of participation were made by the supervisors of the components concerned.

4. Other assumptions, which will vary according to the estimator, concern the inclusion of administrative overhead and nonreimbursable costs. It is important to note for the record that the current estimates

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contain only those expenses actually paid for by the Office of Security. Hence, such items as administrative overhead of higher echelons or other offices, such as, DCI, DD/S, Office of Personnel, etc; [] materials and supplies furnished by Logistics on a nonreimbursable basis, etc., are not included as costs herein. This fact should be considered in comparing these estimated costs with the reported costs of similar operations by other agencies. It seems to me that if an agency were to perform one of the subject operations for another agency it would include the above mentioned overhead expenses in its cost to the agency being billed.

5. Reference is made to a reported estimated cost of \$252 per case for full field investigations performed by the Office of Security in 1957. (Tab A) Examination of the basis on which this cost was computed discloses that only overt and semi-covert full field investigations were considered. The computation did not include any covert full field investigations; it was based on only [] overt and semi-covert cases. Since it is estimated that covert cases constitute about 40% of the total full field investigations, about [] cases should have been used instead of [] in computing the cost per case. Furthermore, the Chief, Budget and Fiscal Branch, A&TS, tells me that the amount charged for personal services in the field was underestimated by approximately \$247,000. Therefore, a rough recalculation of the estimate for investigations in 1957 indicates that the cost was approximately \$177 per case rather than the \$252 reported.

6. With the above recited facts in mind, the currently estimated costs for the three operations of full field investigation, security clearance, and polygraph interrogation are presented below:

a. Full Field Investigations. [] cases, including overt and semi-covert and covert cases were completed during Fiscal Year 1960. The total estimated cost of these cases approximated [] for an estimated cost per case of approximately \$163. (Tab B)

b. Security Clearances. [] cases (both overt and covert, based on full field investigations) were completed at an approximate cost of [] during Fiscal Year 1960, for an estimated average cost per clearance of approximately \$35. (Tab C-1 and C-2)

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c. Polygraph Interrogations. [] cases were completed at Headquarters and vicinity at an approximate cost of [] for an estimated cost per case of approximately \$63. (Tab D)

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7. From the above it follows that the estimated cost per case for combined investigation, clearance and polygraph actions during Fiscal Year 1960 was approximately \$266 per case.

8. If you approve, attached is a memorandum for your signature to the Acting Deputy Director (Support) submitting the estimated cost figures contained in paragraph (6) above.

[]

Executive Officer

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Attachments as indicated

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OS/[] rjw (23 August 1960)

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